

CUET UG Business Studies Sample Paper - 15

Duration: 1 Hour

Maximum Marks: 250

Instructions

- This paper contains a total of 50 Multiple Choice Questions.
- Each correct answer carries **+5 marks**.
- Each incorrect answer carries **-1 mark**.
- No negative marking for unattempted questions.

Q1. In a large scale manufacturing unit, the CEO decides to integrate the efforts of various departments like production, sales, and finance to achieve the organizational goal. Which characteristic of coordination is highlighted here?

- (A) Coordination is a continuous process
- (B) Coordination is an all-pervasive function
- (C) Coordination is the responsibility of all managers
- (D) Coordination ensures unity of action

Q2. According to Taylor, "Even a small production activity like loading pigs of iron into boxcars can be scientifically planned and managed." This relates to which principle?

- (A) Harmony, Not Discord
- (B) Science, Not Rule of Thumb
- (C) Development of each and every person to his/her greatest efficiency
- (D) Cooperation, Not Individualism

Q3. An organization has a policy that "No employee shall be allowed to take more than 10 days of leave in a year." Identify the type of plan.

- (A) Policy



- (B) Rule
- (C) Procedure
- (D) Strategy

Q4. Which of the following is NOT a dimension of the Debt Service Coverage Ratio (DSCR)?

- (A) Profit after tax
- (B) Depreciation
- (C) Interest
- (D) Dividend on equity shares

Q5. Identify the correct sequence of the recruitment process:

- (A) Placement → Selection → Recruitment → Performance Appraisal
- (B) Recruitment → Selection → Placement → Orientation
- (C) Selection → Recruitment → Orientation → Placement
- (D) Recruitment → Placement → Selection → Orientation

Q6. "The marketing manager of a firm focuses on the quality of the product rather than customer needs." Which marketing philosophy is being followed?

- (A) Production Concept
- (B) Product Concept
- (C) Selling Concept
- (D) Marketing Concept

Q7. A company issues 'Commercial Paper' to meet the flotation costs of issuing equity shares. This process is known as:

- (A) Capital Budgeting



- (B) Bridge Financing
- (C) Asset Management
- (D) Working Capital Management

Q8. Which of the following creates a 'feeling of belongingness' and provides social satisfaction to employees?

- (A) Formal Organization
- (B) Informal Organization
- (C) Functional Structure
- (D) Divisional Structure

Q9. In Maslow's Hierarchy, which need is satisfied through an employee's title, recognition, and self-respect?

- (A) Safety Needs
- (B) Belongingness Needs
- (C) Esteem Needs
- (D) Self-actualization Needs

Q10. The 'Screening Test' in the selection process is primarily used to:

- (A) Check the candidate's honesty
- (B) Eliminate unqualified or unfit job seekers
- (C) Measure the individual's potential for learning new skills
- (D) Verify information provided in the application form

Q11. A company is facing difficulty in communication between the production and sales departments because they report to different heads who have conflicting goals. This indicates a problem in:

- (A) Span of Management



- (B) Chain of Command
- (C) Coordination
- (D) Centralization

Q12. Grouping of activities on the basis of product lines is a characteristic of:

- (A) Functional Structure
- (B) Divisional Structure
- (C) Formal Organization
- (D) Informal Organization

Q13. Which of the following is an example of 'Capital Budgeting Decision'?

- (A) Opening a new branch
- (B) Inventory management
- (C) Management of cash
- (D) Selection of a bank for short-term loan

Q14. Assertion (A): Planning is a mental exercise. Reason (R): Planning involves logical and systematic thinking rather than guess work.

- (A) Both A and R are true and R is the correct explanation of A
- (B) Both A and R are true but R is not the correct explanation of A
- (C) A is true but R is false
- (D) A is false but R is true

Q15. The process of introducing the selected candidate to other employees and familiarizing them with the rules and policies of the organization is known as:

- (A) Selection
- (B) Placement



- (C) Orientation
- (D) Training

Q16. Which marketing philosophy emphasizes that "high-quality products will be easily sold"?

- (A) Marketing Concept
- (B) Selling Concept
- (C) Product Concept
- (D) Production Concept

Q17. Arrange the following steps of the 'Organising Process' in correct sequence:

- (1) Assignment of duties,
- (2) Identification and division of work,
- (3) Establishing reporting relationships,
- (4) Departmentalization

- (A) 2, 4, 1, 3
- (B) 2, 1, 4, 3
- (C) 4, 2, 1, 3
- (D) 1, 2, 3, 4

Q18. A consumer bought a defective refrigerator for 25,00,000 INR. Under the Consumer Protection Act 2019, where should they file a complaint?

- (A) District Commission
- (B) State Commission
- (C) National Commission
- (D) Supreme Court

Q19. Which financial market instrument is also known as a 'Zero Coupon Bond'?



- (A) Commercial Paper
- (B) Treasury Bill
- (C) Call Money
- (D) Certificate of Deposit

Q20. Which leadership style is characterized by a leader who takes all decisions without consulting subordinates?

- (A) Democratic
- (B) Laissez-faire
- (C) Autocratic
- (D) Paternalistic

Q21. The requirement of 'Working Capital' will be lower for a business which has:

- (A) High Lead Time
- (B) High Operating Cycle
- (C) Higher Inventory Turnover Ratio
- (D) Liberal Credit Policy

Q22. Which function of management acts as a bridge between 'where we are' and 'where we want to go'?

- (A) Directing
- (B) Organising
- (C) Planning
- (D) Controlling

Q23. "Profit is not the only objective; social responsibility is also important." This describes which marketing concept?



- (A) Marketing Concept
- (B) Selling Concept
- (C) Societal Marketing Concept
- (D) Product Concept

Q24. Which regulatory body in India is responsible for protecting the interests of investors in the securities market?

- (A) RBI
- (B) SEBI
- (C) IRDAI
- (D) PFRDA

Q25. The 'Span of Management' refers to:

- (A) Number of managers in an organization
- (B) Length of the chain of command
- (C) Number of subordinates that can be effectively managed by a superior
- (D) The total time taken for a project

Q26. Which technique of Taylor suggests that "Specialists should be used to supervise workers"?

- (A) Method Study
- (B) Functional Foremanship
- (C) Standardization
- (D) Differential Piece Wage System

Q27. A rise in the Repo Rate by the RBI is an example of which environment dimension?



- (A) Social
- (B) Economic
- (C) Political
- (D) Technological

Q28. Delegation of authority consists of:

- (A) Responsibility and Accountability
- (B) Responsibility, Authority, and Accountability
- (C) Authority and Power
- (D) Decentralization and Centralization

Q29. Which component of the marketing mix involves 'Directing the flow of goods from producers to consumers'?

- (A) Product
- (B) Price
- (C) Place
- (D) Promotion

Q30. Identifying the 'Critical Point' in a process to ensure effective control is part of:

- (A) Strategic Control
- (B) Management by Exception
- (C) Break-even analysis
- (D) Budgetary Control

Q31. Which step in the 'Selection Process' involves calling for references and checking with previous employers?

- (A) Selection Decision
- (B) Reference and Background Checks



- (C) Employment Interview
- (D) Medical Examination

Q32. The "Trading Procedure" on a Stock Exchange involves which first step?

- (A) Opening a Demat Account
- (B) Selection of a Broker
- (C) Placing an Order
- (D) Settlement of Trade

Q33. Which incentive is focused on providing security of income and job?

- (A) Perquisites
- (B) Retirement benefits
- (C) Profit sharing
- (D) Bonus

Q34. If a company wants to raise capital for a period of 6 months, which market should it approach?

- (A) Capital Market
- (B) Money Market
- (C) Primary Market
- (D) Secondary Market

Q35. The right to be protected against marketing of goods which are hazardous to life and property is:

- (A) Right to be heard
- (B) Right to safety
- (C) Right to inform



(D) Right to choose

Q36. Which principle of management states that "An employee should receive orders from one superior only"?

(A) Unity of Direction

(B) Unity of Command

(C) Scalar Chain

(D) Equity

Q37. Planning is 'futuristic' because:

(A) It is done by top management

(B) It involves looking ahead and preparing for the future

(C) It is a continuous process

(D) It is the first function of management

Q38. Financial leverage is called favorable if:

(A) ROI is lower than Cost of Debt

(B) ROI is higher than Cost of Debt

(C) Debt is more than Equity

(D) Interest is less than Tax

Q39. Which barrier to communication arises due to different interpretations of words?

(A) Psychological barrier

(B) Semantic barrier

(C) Organizational barrier

(D) Personal barrier



Q40. Match the items in Column I with the correct descriptions in Column II:

Column I	Column II
(1) Branding	(i) Promoting a product via TV ads
(2) Packaging	(ii) Creating a unique name for the product
(3) Labeling	(iii) Providing information on the wrapper
(4) Promotion	(iv) Designing the container of the product

- (A) 1-(ii), 2-(iv), 3-(iii), 4-(i)
- (B) 1-(i), 2-(ii), 3-(iii), 4-(iv)
- (C) 1-(iv), 2-(iii), 3-(ii), 4-(i)
- (D) 1-(iii), 2-(iv), 3-(i), 4-(ii)

Q41. What is the primary objective of 'Motion Study'?

- (A) To find the one best way of doing a job
- (B) To eliminate unproductive movements
- (C) To determine the standard time taken
- (D) To differentiate between efficient and inefficient workers

Q42. In which organizational structure is 'Operational Specialization' the main focus?

- (A) Divisional Structure
- (B) Functional Structure
- (C) Informal Structure
- (D) Matrix Structure

Q43. Which factor affects the 'Dividend Decision' of a company?

- (A) Stability of Earnings
- (B) Growth opportunities
- (C) Cash flow position



(D) All of the above

Q44. 'Noise' in the communication process refers to:

- (A) The message being sent
- (B) The medium used
- (C) Interference that hinders the process
- (D) The feedback received

Q45. Which of the following is an internal source of recruitment?

- (A) Campus Recruitment
- (B) Direct Recruitment
- (C) Promotion
- (D) Recommendation of employees

Q46. What does 'SEBI' stand for?

- (A) Securities and Exchange Bank of India
- (B) Securities and Exchange Board of India
- (C) Safety and Equity Board of India
- (D) Small Enterprise Board of India

Q47. A 'Brand Mark' is that part of a brand which:

- (A) Can be spoken
- (B) Can be recognized but is not utterable
- (C) Is registered legally
- (D) Is the name of the manufacturer

Q48. 'Standardization and Simplification' of work aims at:



- (A) Reducing the number of types/sizes of products
- (B) Increasing the complexity of work
- (C) Hiring more workers
- (D) Reducing wages

Q49. Control without planning is:

- (A) Blind
- (B) Meaningless
- (C) Effective
- (D) Efficient

Q50. Which consumer right provides the right to get relief in case of exploitation?

- (A) Right to be heard
- (B) Right to seek redressal
- (C) Right to inform
- (D) Right to choose



Detailed Solutions**Q1.****Solution****Concept:**

****Coordination**** is the process by which a manager synchronizes the activities of different departments. One of its core characteristics is that it ****ensures unity of action****. It acts as the binding force between departments and ensures that all efforts are focused toward achieving common organizational goals. In large-scale units, diverse departments like production, sales, and finance must act in unison to avoid chaos and overlapping of work.

Solution:

1. Analysis of the Scenario: - The CEO is integrating efforts of diverse departments (Production, Sales, Finance). - The goal is to ensure all these departments work toward a single organizational objective.
2. Identification of Characteristic: - When different departments are integrated to ensure they work in a specific direction without conflict, it specifically highlights "Unity of Action." - While coordination is also continuous and pervasive, the act of "integrating efforts" to "achieve the goal" is the definition of ensuring unity.

Final Answer: Coordination ensures unity of action

Answer: (D)

Q2.**Solution****Concept:**

F.W. Taylor's principle of ****Science, Not Rule of Thumb**** suggests that every element of a job should be based on scientific analysis rather than intuition, experience, or "hit and miss" methods. The objective is to determine the "one best way" of performing a task to increase efficiency and save time/resources.

Solution:

1. Analysis of the Statement: - The statement mentions that even a simple task like "loading pigs of iron" can be "scientifically planned." - This implies moving away from traditional, unorganized methods toward structured, analyzed methods.
2. Application of Principle: - By applying scientific study to a routine manual task, the organization replaces old "rule of thumb" techniques with a standard, efficient process developed through study and analysis.

Final Answer: Science, Not Rule of Thumb

Answer: (B)



Q3.

Solution**Concept:**

In planning, **Rules** are specific statements that inform what is to be done and what is not to be done. They are rigid, allow for no discretion or flexibility, and usually carry a penalty if violated. Unlike a **Policy**, which is a general guideline for thinking/decision-making, a Rule is a specific guide to behavior.

Solution:

1. Nature of the Statement: - "No employee shall be allowed to take more than 10 days of leave." - This is a specific, mandatory instruction that must be followed strictly.
2. Comparison: - It is not a **Strategy** (long-term direction). - It is not a **Procedure** (series of steps). - It is not a **Policy** because a policy would be "General leave policy of the company," whereas this is a rigid limit. Therefore, it is a Rule.

Final Answer: Rule

Answer: (B)

Q4.

Solution**Concept:**

The **Debt Service Coverage Ratio (DSCR)** is a financial ratio that measures a company's ability to use its operating income to repay all its debt-related obligations, including both interest and principal. The formula for DSCR is:

$$\text{DSCR} = \frac{\text{Profit after tax} + \text{Depreciation} + \text{Interest} + \text{Non-cash expenses}}{\text{Interest} + \text{Principal Repayment}}$$

Solution:

1. Analysis of Components: - **Profit after tax**: Included in the numerator to show available earnings. - **Depreciation**: Added back because it is a non-cash expense. - **Interest**: Included as it is a debt obligation.
2. Identification of the Odd Item: - **Dividend on equity shares** is a distribution of profit to owners, not a mandatory debt service obligation. Therefore, it is not a part of the DSCR calculation.

Final Answer: Dividend on equity shares

Answer: (D)



Q5.

Solution**Concept:**

Staffing involves a logical sequence of steps to ensure the right people are in the right jobs. The process starts with identifying potential candidates and ends with their integration into the organization.

Solution:

1. Steps of the Process: - **Recruitment**: Searching for prospective employees and stimulating them to apply. - **Selection**: Choosing the best candidate from the pool of applicants. - **Placement**: Assigning the selected candidate to a specific job position. - **Orientation**: Introducing the new employee to the organization and colleagues.

2. Arranging the Sequence: - You cannot select without recruiting first. - You cannot place someone without selecting them first. - Orientation happens after the person has been placed in their role. - Sequence: Recruitment → Selection → Placement → Orientation.

Final Answer: Recruitment → Selection → Placement → Orientation

Answer: (B)

Q6.

Solution**Concept:**

The **Product Concept** of marketing management philosophies focuses on the quality, performance, and features of the product. Businesses following this philosophy believe that customers will favor products that offer the most quality and that high-quality products do not require aggressive promotion because the quality speaks for itself. This is distinct from the **Marketing Concept**, which focuses on identifying and satisfying customer needs.

Solution:

1. Analysis of the Scenario: - The manager is focusing on "quality of the product." - The manager is ignoring "customer needs."

2. Identification of Philosophy: - Focusing on product improvements and quality over consumer requirements is the hallmark of the Product Concept. - The Production Concept focuses on availability and price; the Selling Concept focuses on aggressive promotion; the Marketing Concept focuses on consumer satisfaction.

Final Answer: Product Concept

Answer: (B)



Q7.

Solution**Concept:**

Bridge Financing is a method used by companies to cover short-term costs associated with issuing long-term securities. When a company issues equity shares, it incurs "flotation costs" (brokerage, underwriting, printing). Since these funds are needed before the actual equity money is received, the company issues **Commercial Paper** (a short-term money market instrument) to raise cash for these expenses.

Solution:

1. Objective: - Raising money to meet the expenses of another fund-raising activity (flotation costs).
2. Terminology: - Using short-term debt (Commercial Paper) to "bridge" the gap until long-term capital (Equity) is raised is called Bridge Financing.

Final Answer: Bridge Financing

Answer: (B)

Q8.

Solution**Concept:**

An **Informal Organization** emerges spontaneously within the formal structure as a result of personal interactions among employees. It is not created by management. Its primary purpose is to satisfy social and psychological needs, such as the need for belongingness, friendship, and recognition, which are often overlooked in a rigid formal structure.

Solution:

1. Requirement: - Creating a feeling of belongingness. - Providing social satisfaction.
2. Organizational Types: - **Formal Organization** is for achieving work goals and follows a hierarchy. - **Functional/Divisional structures** are types of formal organizations. - Only the **Informal Organization** focuses on the social group and personal relationships that provide emotional support.

Final Answer: Informal Organization

Answer: (B)



Q9.

Solution**Concept:**

According to **Maslow's Need Hierarchy Theory**, human needs are arranged in a specific order. **Esteem Needs** include factors such as self-respect, autonomy status, recognition, and attention. These needs are satisfied when an individual achieves a certain level of status or receives appreciation from others in the workplace.

Solution:

1. Identifying the Indicators: - The question mentions "Title" (Status). - "Recognition" and "Self-respect."
2. Matching with Maslow: - **Safety Needs** are for job security. - **Belongingness Needs** are for social relationships. - **Esteem Needs** relate to the desire for a high valuation of oneself and respect from others. - **Self-actualization** is the desire to become what one is capable of becoming.

Final Answer: Esteem Needs

Answer: (C)

Q10.

Solution**Concept:**

Preliminary Screening (Screening Test) is the first step in the selection process. Its main purpose is to evaluate the application forms submitted by candidates to determine if they meet the basic requirements of the job, such as education, experience, and age. This helps the organization save time and resources by removing obviously unsuitable candidates early.

Solution:

1. Role of Screening: - It acts as a filter. - It is conducted before more intensive tests (like aptitude or personality tests) and interviews.
2. Primary Objective: - The main goal is to eliminate those who are clearly unqualified or unfit for the position based on the data provided in their application.

Final Answer: Eliminate unqualified or unfit job seekers

Answer: (B)



Q11.

Solution**Concept:**

Coordination is the "essence of management" because it harmonizes the efforts of different individuals and departments. When departments work in silos or have conflicting objectives, it signifies a breakdown in coordination. In this case, the conflict between production and sales indicates that their activities are not synchronized to achieve the common goal.

Solution:

1. Analysis of the Scenario: - Two departments (Production and Sales) are failing to communicate.
- There is a conflict of goals. - This prevents the organization from functioning as a single unit.
2. Identification of the Problem: - While "Chain of Command" refers to who reports to whom, the failure to integrate the work of two different departments to achieve a common objective is a failure of coordination.

Final Answer: Coordination

Answer: (C)

Q12.

Solution**Concept:**

In a **Divisional Structure**, the organization is divided into separate business units or divisions, each based on a specific product line (e.g., Cosmetics, Garments, Footwear). Each division is self-contained and has its own functions like production, marketing, and finance. This structure is suitable for large organizations with diversified product lines.

Solution:

1. Key Characteristic: - The basis of grouping activities is the "Product." - Contrast this with the Functional Structure, where the basis is "Functions" (like Marketing, Finance, etc.).
2. Application: - Since the grouping is based on product lines, it is identified as a Divisional Structure.

Final Answer: Divisional Structure

Answer: (B)



Q13.

Solution**Concept:**

Capital Budgeting Decisions (also known as Investment Decisions) involve the allocation of capital to long-term assets or projects that yield returns over a period longer than one year. These decisions are crucial because they involve huge amounts of funds and are generally irreversible.

Solution:

1. Evaluating Options: - **Inventory/Cash Management**: These are short-term "Working Capital" decisions. - **Short-term loan**: This is a "Financing" decision related to liquidity. - **Opening a new branch**: This involves a long-term commitment of funds to expand operations, which is a classic Capital Budgeting decision.

Final Answer: Opening a new branch

Answer: (A)

Q14.

Solution**Concept:**

Planning is a cognitive process that requires high-level thinking. It is described as a **mental exercise** because it involves foresight, intelligent imagination, and sound judgment rather than mere guesswork. It requires the manager to visualize the future and choose the best course of action based on facts.

Solution:

1. Evaluating the Assertion (A): - Planning indeed happens in the mind and involves thinking before doing. So, (A) is true.
2. Evaluating the Reason (R): - Planning relies on logical and systematic thinking. Guesswork is the opposite of scientific planning. So, (R) is true.
3. Relationship: - (R) explains **why** it is a mental exercise (because it involves logical thinking). Thus, (R) is the correct explanation.

Final Answer: Both A and R are true and R is the correct explanation of A

Answer: (A)



Q15.

Solution**Concept:**

Orientation (or Induction) is a part of the staffing process where a newly joined employee is introduced to their new workplace. The goal is to make the employee feel at home, introduce them to their superiors, subordinates, and colleagues, and explain the company's rules, policies, and culture.

Solution:

1. Identification of the Process: - Introduction to other employees = Orientation. - Familiarization with rules/policies = Orientation.
2. Comparison: - **Selection** is the process of choosing. - **Placement** is the act of occupying the post. - **Training** is for skill development. - **Orientation** is the social and administrative welcome.

Final Answer: Orientation

Answer: (C)

Q16.

Solution**Concept:**

The **Product Concept** is a marketing philosophy that focuses on continuous product improvement. It is based on the assumption that customers will favor products that offer the most quality, performance, and innovative features. Unlike the selling concept, which relies on promotion, the product concept assumes that a superior product will attract buyers on its own merit.

Solution:

1. Analysis of the Assumption: - The philosophy assumes that "good wine needs no bush," meaning a high-quality product needs little advertising. - The focus is entirely on the "Product" attributes.
2. Application: - The statement "high-quality products will be easily sold" directly mirrors this philosophy's core belief that quality is the primary driver of sales.

Final Answer: Product Concept

Answer: (C)



Q17.

Solution**Concept:**

The **Organising Process** is a systematic series of steps taken by management to translate plans into action. It involves defining the framework of the organization to ensure that resources are used efficiently to achieve objectives.

Solution:

1. Logical Sequencing: - **Step 1: Identification and division of work (2)** — First, work is identified and divided into manageable tasks to avoid duplication. - **Step 2: Departmentalization (4)** — Tasks of a similar nature are grouped together into departments (e.g., Marketing, Finance). - **Step 3: Assignment of duties (1)** — Specific jobs are assigned to individuals based on their skills and competencies. - **Step 4: Establishing reporting relationships (3)** — Hierarchical structures are defined so everyone knows from whom to take orders and to whom they are accountable.

2. Resulting Order: 2, 4, 1, 3.

Final Answer: 2, 4, 1, 3

Answer: (A)

Q18.

Solution**Concept:**

Under the **Consumer Protection Act (CPA) 2019**, the pecuniary jurisdiction (monetary limits) for filing complaints at different levels was revised. This helps in the speedy redressal of consumer grievances by directing cases to the appropriate commission based on the value of goods or services paid as consideration.

Solution:

1. Jurisdiction Limits (CPA 2019): - **District Commission**: Up to 50 Lakh INR (5 million). - **State Commission**: Above 50 Lakh INR up to 2 Crore INR. - **National Commission**: Above 2 Crore INR.

2. Case Application: - The product value is 25,00,000 INR (25 Lakh). - Since 25 Lakh is below the 50 Lakh threshold, the complaint must be filed in the District Commission.

Final Answer: District Commission

Answer: (A)



Q19.

Solution**Concept:**

A **Treasury Bill (T-Bill)** is a short-term money market instrument issued by the RBI on behalf of the Government of India. It is issued at a discount and redeemed at par. Because they do not pay explicit interest but are issued at a price lower than their face value, they are technically referred to as **Zero Coupon Bonds**.

Solution:

1. Analysis of the Instrument: - Treasury Bills are highly liquid and carry zero risk of default. - The "interest" earned is the difference between the purchase price and the redemption value. - Because there are no periodic "coupons" (interest payments), they are called Zero Coupon Bonds.

Final Answer: Treasury Bill

Answer: (B)

Q20.

Solution**Concept:**

Autocratic Leadership (also known as Authoritarian leadership) is a style where the leader centralizes all decision-making power. The leader gives orders and expects immediate compliance without any consultation with subordinates. Communication is strictly one-way (top-down).

Solution:

1. Characteristic Analysis: - Decisions without consultation = Autocratic. - **Democratic** involves participation. - **Laissez-faire** involves total freedom for subordinates. - **Paternalistic** is a father-like approach where the leader looks after the subordinates but still holds authority.

2. Conclusion: - The description matches the Autocratic style perfectly.

Final Answer: Autocratic

Answer: (C)



Q21.

Solution**Concept:**

Working Capital refers to the funds required for day-to-day operations. The amount of working capital required is influenced by several factors, including the **Operating Cycle** and **Inventory Turnover**. A higher Inventory Turnover Ratio means that goods are produced and sold quickly, reducing the time funds are tied up in inventory. Consequently, a business with a faster turnover requires less working capital.

Solution:

1. Evaluation of Factors: - **High Lead Time**: Requires more inventory (more working capital). - **High Operating Cycle**: Funds are blocked for a longer time (more working capital). - **Liberal Credit Policy**: More money is tied up in debtors (more working capital). - **Higher Inventory Turnover Ratio**: Means stock is converted to sales rapidly, minimizing the need for blocked funds.

2. Conclusion: - Efficiency in moving stock directly reduces the liquidity pressure, thus requiring lower working capital.

Final Answer: Higher Inventory Turnover Ratio

Answer: (C)

Q22.

Solution**Concept:**

Planning is the primary function of management. It involves setting objectives and deciding in advance the appropriate course of action to achieve these objectives. It bridges the gap between the current state (where we are) and the desired future state (where we want to go) by providing a clear roadmap for action.

Solution:

1. Nature of Planning: - It is forward-looking (futuristic). - It reduces the risks of uncertainty by anticipating the future. - It provides the basis for all other functions like Organising and Directing.

2. Identification: - The specific phrase "bridge between where we are and where we want to go" is the standard definition of Planning in management literature.

Final Answer: Planning

Answer: (C)



Q23.

Solution**Concept:**

The **Societal Marketing Concept** is an extension of the marketing concept. While the marketing concept focuses on customer satisfaction, the societal marketing concept adds a third dimension: **Society's well-being**. It argues that a company should make marketing decisions by considering consumers' wants, the company's requirements, and society's long-term interests (e.g., environmental protection, ethical practices).

Solution:

1. Analysis of Objectives: - Goal 1: Profit (Company). - Goal 2: Social Responsibility (Society).
2. Classification: - Marketing Concept only looks at consumer/profit. - Selling Concept looks at sales volume/profit. - Societal Marketing specifically integrates ethical and social concerns into the business model.

Final Answer: Societal Marketing Concept

Answer: (C)

Q24.

Solution**Concept:**

The **Securities and Exchange Board of India (SEBI)** was established to regulate the functions of the securities market. Its primary objectives are to protect the interest of investors, promote the development of the stock exchange, and regulate the activities of intermediaries. It acts as a watchdog to prevent malpractices like insider trading and price rigging.

Solution:

1. Role Identification: - **RBI**: Regulates the banking and money market. - **IRDAI**: Regulates the insurance sector. - **SEBI**: Specifically designed for the "Securities Market" (Stock market).
2. Protective Functions: - SEBI carries out protective functions to ensure investors are not cheated by misleading statements or fraudulent activities.

Final Answer: SEBI

Answer: (B)



Q25.

Solution**Concept:**

The **Span of Management** (or Span of Control) refers to the number of subordinates who can be effectively and efficiently supervised by a manager. It determines the number of levels and the shape of the organizational hierarchy. A narrow span leads to a tall structure (many levels), while a wide span leads to a flat structure.

Solution:

1. Definition Analysis: - It is not about the total number of managers. - It is not the length of the chain. - It is specifically the "capacity" of a single superior to manage a specific "number of subordinates."
2. Importance: - It dictates how much authority is delegated and how communication flows through the hierarchy.

Final Answer: Number of subordinates that can be effectively managed by a superior

Answer: (C)

Q26.

Solution**Concept:**

Functional Foremanship is a technique developed by F.W. Taylor that advocates for the use of eight specialized supervisors to guide a single worker. Taylor believed that a single foreman could not be an expert in every aspect of production. Therefore, he divided the supervision into two departments: Planning (Route Clerk, Instruction Card Clerk, Time and Cost Clerk, Disciplinarian) and Execution (Speed Boss, Gang Boss, Repair Boss, Inspector).

Solution:

1. Core Idea: - Specialization at the supervisory level. - Each worker takes orders from eight specialists.
2. Identification: - The phrase "Specialists should be used to supervise workers" is the fundamental definition of Functional Foremanship. It breaks the principle of Unity of Command but maximizes technical efficiency.

Final Answer: Functional Foremanship

Answer: (B)



Q27.

Solution**Concept:**

The **Economic Environment** consists of factors like interest rates, inflation rates, changes in disposable income, stock market indices, and the value of the rupee. These factors have a direct impact on the cost of doing business and consumer purchasing power. The **Repo Rate** is the rate at which the central bank (RBI) lends money to commercial banks; a change in this rate influences interest rates across the entire economy.

Solution:

1. Component Analysis: - Repo Rate is a monetary policy tool. - It directly affects the cost of borrowing and the supply of money.
2. Classification: - Since it involves monetary policy, interest rates, and financial metrics, it falls strictly under the Economic dimension of the Business Environment.

Final Answer: Economic

Answer: (B)

Q28.

Solution**Concept:**

Delegation is the downward transfer of authority from a superior to a subordinate. It is essential for the effective functioning of an organization. According to Louis Allen, delegation consists of three inseparable elements: **Authority** (the right to give orders), **Responsibility** (the obligation to perform the task), and **Accountability** (being answerable for the final outcome).

Solution:

1. Identifying the Elements: - Authority is granted. - Responsibility is assigned. - Accountability is created.
2. Conclusion: - Delegation is incomplete without any of these three. While authority and responsibility can be shared, accountability is absolute and cannot be fully delegated away by the superior.

Final Answer: Responsibility, Authority, and Accountability

Answer: (B)



Q29.

Solution**Concept:**

The **Place Mix** (or Distribution Mix) is one of the 4Ps of Marketing. It encompasses the activities that make the firm's products available to the target customers. This involves choosing the channels of distribution (wholesalers, retailers) and the physical movement of goods (transportation, inventory, warehousing) from the point of production to the point of consumption.

Solution:

1. Functional Analysis: - **Product**: Relates to features and quality. - **Price**: Relates to the amount paid. - **Promotion**: Relates to communication and persuasion. - **Place**: Specifically handles the logistics and "flow of goods" to reach the end-user.

Final Answer: Place

Answer: (C)

Q30.

Solution**Concept:**

Management by Exception (also known as Control by Exception) is a principle of control which suggests that any attempt to control everything results in controlling nothing. Managers should only focus on significant deviations that exceed a predefined limit. Related to this is **Critical Point Control**, which focuses on Key Result Areas (KRAs) that are critical to the success of an organization.

Solution:

1. Process Analysis: - Identifying a "Critical Point" ensures that management doesn't waste time on minor errors. - This approach ensures that focus remains on areas where a small deviation can cause huge losses.

2. Identification: - The specific act of focusing on deviations at critical points to manage by exception is the core of this controlling technique.

Final Answer: Management by Exception

Answer: (B)



Q31.

Solution**Concept:**

The **Selection Process** involves a series of steps to evaluate the suitability of candidates for a job. After the employment interview, the organization usually conducts **Reference and Background Checks**. This involves contacting the individuals or previous employers listed by the candidate in their application to verify the information provided, check their character, and assess their past work performance.

Solution:

1. Identification of the Step: - The question describes the act of "calling for references" and "checking with previous employers." - This serves as a cross-verification of the candidate's claims regarding experience and conduct.
2. Differentiation: - **Selection Decision** is the final choice made after all tests. - **Medical Examination** checks physical fitness. - **Employment Interview** is the face-to-face interaction. - **Reference and Background Checks** is the specific stage for external verification.

Final Answer: Reference and Background Checks

Answer: (B)

Q32.

Solution**Concept:**

The **Trading Procedure** on a modern stock exchange is fully electronic. Before an investor can buy or sell securities on a stock exchange, they must first identify a registered broker who is a member of the exchange. Without a broker, an individual cannot execute trades on the NSE or BSE directly.

Solution:

1. Sequence of Trading: - **Step 1: Selection of a Broker** (and signing the Broker-Client Agreement). - **Step 2: Opening a Demat Account** (with a Depository Participant). - **Step 3: Placing an Order**. - **Step 4: Execution of Trade**. - **Step 5: Settlement**.
2. Conclusion: - Since the very first administrative step required to enter the market is choosing an intermediary, the selection of a broker is the correct answer.

Final Answer: Selection of a Broker

Answer: (B)



Q33.

Solution**Concept:**

Financial Incentives are rewards that can be measured in monetary terms. **Retirement Benefits** such as Provident Fund (PF) and Gratuity serve as a strong motivator by providing financial security to employees after they leave the service. They act as a "safety net," ensuring the employee has a stable income source in the future, which fulfills their security and safety needs.

Solution:

1. Analyzing Incentive Types: - **Perquisites** (like car allowance) are for status/convenience. - **Bonus** is a one-time reward for performance. - **Profit sharing** is linked to company performance. - **Retirement benefits** are specifically designed for long-term "security of income."
2. Conclusion: - Benefits that accrue at the end of employment primarily target the psychological and financial security of the individual.

Final Answer: Retirement benefits

Answer: (B)

Q34.

Solution**Concept:**

The **Money Market** is a market for short-term funds, dealing in financial assets whose period of maturity is up to one year (365 days). Instruments like Treasury Bills, Commercial Paper, and Certificates of Deposit are traded here. In contrast, the **Capital Market** deals in medium and long-term funds (equity and debt) with a maturity period exceeding one year.

Solution:

1. Analysis of the Time Period: - The company needs capital for "6 months." - 6 months is less than the 1-year threshold.
2. Market Selection: - Any financial requirement for less than a year is catered to by the Money Market. - Capital Market and Primary/Secondary markets are used for long-term investments.

Final Answer: Money Market

Answer: (B)



Q35.

Solution**Concept:**

Under the **Consumer Protection Act**, several rights are granted to consumers. The **Right to Safety** protects consumers against the marketing of goods and services which are hazardous to life and property. It implies that consumers have the right to be protected against products that do not meet safety standards (e.g., electrical appliances without ISI marks).

Solution:

1. Identification of the Right: - The keywords "hazardous to life and property" are legally associated with the Right to Safety. - **Right to Choose** is about variety. - **Right to be Heard** is about filing a complaint. - **Right to Inform** (Right to be Informed) is about product details.

Final Answer: Right to Safety

Answer: (B)

Q36.

Solution**Concept:**

The principle of **Unity of Command** states that each individual employee should receive orders from, and be accountable to, only one superior. Henri Fayol emphasized this principle to avoid confusion, conflict, and duplication of work. If a subordinate receives orders from more than one superior, it creates a situation of "dual subordination," which undermines authority and discipline.

Solution:

1. Identification of the Requirement: - "Receive orders from one superior only." - This ensures clarity in responsibility and prevents the subordinate from playing off one boss against another.
2. Comparison with Unity of Direction: - **Unity of Command** focuses on the individual employee (one boss). - **Unity of Direction** focuses on the organization/unit (one head, one plan for a group of activities).

Final Answer: Unity of Command

Answer: (B)



Q37.

Solution**Concept:**

Planning is described as **“futuristic”** (or forward-looking) because it involves looking ahead and preparing for the future. The essence of planning is to anticipate future events, opportunities, and threats, and to prepare the organization to deal with them effectively. It is never done for the past, though it uses past experience as a guide.

Solution:

1. Logical Basis: - Planning is essentially an attempt to peer into the future. - It involves forecasting and setting goals for a period that has not yet occurred.
2. Conclusion: - The reason planning is futuristic is that its entire purpose is to provide a roadmap for "what is to be done" in the time to come.

Final Answer: It involves looking ahead and preparing for the future

Answer: (B)

Q38.

Solution**Concept:**

“Financial Leverage” (or Trading on Equity) refers to the use of fixed-interest-bearing securities (Debt) in the capital structure of a company. Leverage is considered **“favorable”** when the Return on Investment (ROI) is higher than the Cost of Debt. In such a case, the use of debt increases the Earnings Per Share (EPS) for the equity shareholders.

Solution:

1. Condition for Favorable Leverage: - If a company borrows money at 10% (Cost of Debt) and earns 15% (ROI) on that money, the extra 5% belongs to the shareholders. - Therefore, ROI > Cost of Debt is the prerequisite.
2. Unfavorable Leverage: - If ROI < Cost of Debt, using debt will actually decrease the earnings available to shareholders.

Final Answer: ROI is higher than Cost of Debt

Answer: (B)



Q39.

Solution**Concept:**

Semantic Barriers are related to problems and obstructions in the process of encoding and decoding messages into words or impressions. Such barriers result from the use of wrong words, faulty translations, or different interpretations of the same word. Since different people may assign different meanings to the same symbol or word, the intended message may not be understood correctly.

Solution:

1. Barrier Classification: - **Psychological**: Relates to state of mind (e.g., lack of attention). - **Semantic**: Relates to language and symbols (e.g., "value" could mean price or ethics). - **Organizational**: Relates to structure, rules, and regulations. - **Personal**: Relates to the personal traits of the sender or receiver.

2. Identification: - "Different interpretations of words" is a classic example of a semantic issue.

Final Answer: Semantic barrier

Answer: (B)

Q40.

Solution**Concept:**

The **Product Mix** involves several important decisions regarding the product's physical attributes and branding. **Branding** creates a distinct identity; **Packaging** involves designing the container; **Labeling** provides detailed information; and **Promotion** involves communicating the product's benefits to the market.

Solution:

1. Mapping the Columns: - **Branding (1)**: Creating a unique name, sign, or symbol to differentiate the product. → (ii) - **Packaging (2)**: Designing and producing the container or wrapper for a product. → (iv) - **Labeling (3)**: The part of the product that carries information like expiry, price, etc. → (iii) - **Promotion (4)**: Communication through advertising, personal selling, etc. → (i)

2. Matching Result: 1-(ii), 2-(iv), 3-(iii), 4-(i).

Final Answer: 1-(ii), 2-(iv), 3-(iii), 4-(i)

Answer: (A)



Q41.

Solution**Concept:**

Motion Study is a technique of Scientific Management that involves the close observation of the body movements of workers while they are performing a specific task. The goal is to identify and differentiate between productive movements (those required for the job), incidental movements (required but can be reduced), and unproductive movements. By eliminating unnecessary motions, the organization can reduce fatigue and increase the speed and efficiency of the work.

Solution:

1. Objective of the Study: - To streamline the physical work process. - To find the most efficient way to move while working.
2. Identification: - While "one best way" refers to Method Study and "standard time" refers to Time Study, the specific focus on "eliminating unproductive movements" is the defining purpose of Motion Study.

Final Answer: To eliminate unproductive movements

Answer: (B)

Q42.

Solution**Concept:**

In a **Functional Structure**, the entire organization is divided into departments based on specialized functions or activities (e.g., Production, Finance, Marketing, Personnel). This structure promotes **Operational Specialization** because employees within each department focus on a narrow range of tasks, leading to high efficiency and skill development in that specific function.

Solution:

1. Structural Analysis: - **Divisional Structure**: Focuses on product specialization. - **Functional Structure**: Focuses on professional/occupational specialization. - **Informal Structure**: Focuses on social satisfaction.
2. Application: - Since the focus is on "Operational Specialization" (specializing in operations like manufacturing or sales), the Functional Structure is the appropriate model.

Final Answer: Functional Structure

Answer: (B)



Q43.

Solution**Concept:**

The **Dividend Decision** involves determining how much of the profit earned by the company (after tax) is to be distributed to the shareholders and how much should be retained in the business. This decision is influenced by several factors: **Stability of Earnings** (consistent profits allow for stable dividends), **Growth Opportunities** (if a company has expansion plans, it retains more), and **Cash Flow Position** (dividends require an actual outflow of cash).

Solution:

1. Factor Evaluation: - A company with stable earnings can pay higher dividends. - A company with many growth opportunities will pay lower dividends to fund projects. - A company must have sufficient cash (liquidity) to pay out dividends.
2. Conclusion: - All three factors are critical determinants of the dividend policy.

Final Answer: All of the above

Answer: (D)

Q44.

Solution**Concept:**

In the **Communication Process**, **Noise** refers to any unintended interference or obstruction that hinders the transmission or reception of a message. It can occur at any stage—during encoding, transmission, or decoding. Examples include technical glitches in a phone line, poor handwriting, a loud environment, or even the receiver's lack of attention.

Solution:

1. Role of Noise: - It is an external or internal factor that disrupts the flow. - It causes the received message to be different from the intended message.
2. Identification: - Noise is defined as "Interference that hinders the process." It is not the medium, the message, or the feedback itself.

Final Answer: Interference that hinders the process

Answer: (C)



Q45.

Solution**Concept:**

Internal Sources of Recruitment involve filling job vacancies from within the existing workforce of the organization. The two most common methods are **Promotion** (shifting an employee to a higher position with more responsibility and pay) and **Transfer** (shifting an employee to a similar position in a different department or location). Internal recruitment is cost-effective and boosts employee morale.

Solution:

1. Source Classification: - **External Sources**: Campus Recruitment, Direct Recruitment, Recommendations from outsiders, Advertising. - **Internal Sources**: Transfers and Promotions.
2. Identification: - Among the options, "Promotion" is the only one that uses existing human resources within the firm.

Final Answer: Promotion

Answer: (C)

Q46.

Solution**Concept:**

SEBI stands for the **Securities and Exchange Board of India**. It was established by the Government of India on April 12, 1988, and given statutory powers in 1992 through the SEBI Act. SEBI's primary objective is to regulate the securities market in India to protect the interests of investors and to ensure a transparent and efficient environment for both issuers and intermediaries.

Solution:

1. Identification: - "S" stands for Securities. - "E" stands for Exchange. - "B" stands for Board. - "I" stands for India.
2. Functional Context: - It is the apex regulatory body for the stock market, similar to how the RBI regulates the banking sector.

Final Answer: Securities and Exchange Board of India

Answer: (B)



Q47.

Solution**Concept:**

A **Brand Mark** is that part of a brand which can be recognized but is not utterable (cannot be spoken). It appears in the form of a symbol, design, distinct color scheme, or lettering. For example, the "Swoosh" of Nike or the "Golden Arches" of McDonald's are brand marks. When a brand mark (or the brand name) is given legal protection, it is called a **Trademark**.

Solution:

1. Component Analysis: - **Brand Name**: The part of a brand that can be spoken (e.g., Nike). - **Brand Mark**: The visual element/logo that cannot be spoken. - **Trademark**: A brand that has legal protection.
2. Application: - Since the brand mark is purely visual, the correct characteristic is that it can be recognized but is not utterable.

Final Answer: Can be recognized but is not utterable

Answer: (B)

Q48.

Solution**Concept:**

Standardization refers to the process of setting standards for every business activity, ensuring that products have a uniform size, quality, and performance. **Simplification** aims at eliminating unnecessary diversity, sizes, and varieties of products. Together, these techniques of Scientific Management reduce inventory costs, labor costs, and machine costs, thereby increasing organizational efficiency.

Solution:

1. Objective of Simplification: - To stop the production of unnecessary varieties or types which do not add significant value. - To save costs by focusing on a limited, high-demand range of products.
2. Objective of Standardization: - To ensure interchangeability of parts and maintain quality benchmarks.

Final Answer: Reducing the number of types/sizes of products

Answer: (A)



Q49.

Solution**Concept:**

****Planning and Controlling**** are inseparable and interdependent functions of management. Planning provides the standards or benchmarks against which actual performance is measured. Without planning, a manager has no "pre-determined goals" to compare actual work with. Therefore, in the absence of a plan, the controlling function becomes directionless or "blind."

Solution:

1. Relationship Analysis: - Planning is the "Prescriptive" function (what should be). - Controlling is the "Evaluative" function (what is). - If you don't know "what should be," you cannot evaluate "what is."
2. Logical Conclusion: - Control without planning is blind because there are no standards to guide the monitoring process.

Final Answer: Blind

Answer: (A)

Q50.

Solution**Concept:**

The ****Right to Seek Redressal**** provides consumers the right to get relief or compensation against unfair trade practices or unscrupulous exploitation. This includes the right to have faulty goods replaced, the right to get a refund, or the right to claim compensation for any injury or loss suffered due to a defective product or deficient service.

Solution:

1. Identification of the Right: - ****Right to be Heard****: Right to file a complaint. - ****Right to Safety****: Right to be protected against hazardous goods. - ****Right to Seek Redressal****: Right to actually receive "relief" or "remedy" for the grievance.
2. Context: - This right ensures that the legal process results in a tangible solution for the exploited consumer.

Final Answer: Right to seek redressal

Answer: (B)



Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	D	2	B	3	B	4	D	5	B
6	B	7	B	8	B	9	C	10	B
11	C	12	B	13	A	14	A	15	C
16	C	17	A	18	A	19	B	20	C
21	C	22	C	23	C	24	B	25	C
26	B	27	B	28	B	29	C	30	B
31	B	32	B	33	B	34	B	35	B
36	B	37	B	38	B	39	B	40	A
41	B	42	B	43	D	44	C	45	C
46	B	47	B	48	A	49	A	50	B

